

HOUSE BILL No. 1447

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-8.1; IC 21-1-30-3; IC 21-3-1.6-1.1; IC 21-3-3.1-2.1.

Synopsis: Counting of full day kindergarten pupils. Provides that pupils enrolled in full day kindergarten programs count as one pupil rather than one-half pupil for the purpose of counting pupils under the primetime program, the definition of average daily membership, and the state transportation distribution. Provides that the 113% ceiling on changes in primetime distributions from 1999 to 2000 does not apply to a school that did not participate in primetime in 1999.

Effective: January 1, 2000 (retroactive); January 1, 2002.

Goodin, Bardon

January 11, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1447

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-8.1-6.1-8 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 8. (a) As used in
3 this section, the following terms have the following meanings:

4 (1) "Class of school" refers to a classification of each school or
5 program in the transferee corporation by the grades or special
6 programs taught at the school. Generally, these classifications are
7 denominated as kindergarten, elementary school, middle school
8 or junior high school, high school, and special schools or classes,
9 such as schools or classes for special education, vocational
10 training, or career education.

11 (2) "ADM" means the following:

12 (A) For purposes of allocating to a transfer student state
13 distributions under IC 21-1-30 (primetime), "ADM" as
14 computed under IC 21-1-30-2.

15 (B) For all other purposes, "ADM" as set forth in
16 IC 21-3-1.6-1.1.

17 (3) "Pupil enrollment" means the following:



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(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the Indiana state board of education.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the Indiana state board of education.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) a student **unless the school corporation offers full day kindergarten. Each student enrolled in a full day kindergarten shall be counted as one (1) student.**

(4) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized instruction program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

The Indiana state board of education may select a different date for counts under subdivision (3). However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 3 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) The following state distributions that are computed in any

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part using ADM or other pupil count in which the student is included:

- (i) Primetime grant under IC 21-1-30.
- (ii) Tuition support for basic programs and at-risk weights under IC 21-3-1.7-8 (before January 1, 1996) and only for basic programs (after December 31, 1995).
- (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
- (iv) At-risk grant under IC 21-3-1.7-9.7.
- (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- (vi) Vocational education grant under IC 21-3-1.8-3.
- (vii) Special education grant under IC 21-3-1.8 (repealed January 1, 1996) or IC 21-3-10.
- (viii) The portion of the ADA flat grant that is available for the payment of general operating expenses under IC 21-3-4.5-2(b)(1).

(B) For school years beginning after June 30, 1997, property tax levies.

(C) For school years beginning after June 30, 1997, excise tax revenue (as defined in IC 21-3-1.7-2) received for deposit in the calendar year in which the school year begins.

(D) For school years beginning after June 30, 1997, allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;



(5) contracted service for legal expenses; and
 (6) any expenditure which is made out of the general fund from
 extracurricular account receipts;
 for the school year.

(d) The capital cost of special equipment for a school year is equal
 to:

(1) the cost of the special equipment; divided by

(2) the product of:

(A) the useful life of the special equipment, as determined
 under the rules adopted by the Indiana state board of
 education; multiplied by

(B) the number of students using the special equipment during
 at least part of the school year.

(e) When an item of expense or cost described in subsection (c)
 cannot be allocated to a class of school, it shall be prorated to all
 classes of schools on the basis of the pupil enrollment of each class in
 the transferee corporation compared to the total pupil enrollment in the
 school corporation.

(f) Operating costs shall be allocated to a transfer student for each
 school year by dividing:

(1) the transferee school corporation's operating costs for the class
 of school in which the transfer student is enrolled; by

(2) the pupil enrollment of the class of school in which the
 transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for
 less than the full school year of pupil attendance, the transfer tuition
 shall be calculated by the portion of the school year for which the
 transferred student is enrolled. A school year of pupil attendance
 consists of the number of days school is in session for pupil attendance.
 A student, regardless of the student's attendance, is enrolled in a
 transferee school unless the student is no longer entitled to be
 transferred because of a change of residence, the student has been
 excluded or expelled from school for the balance of the school year or
 for an indefinite period, or the student has been confirmed to have
 withdrawn from school. The transferor and the transferee corporation
 may enter into written agreements concerning the amount of transfer
 tuition due in any school year. Where an agreement cannot be reached,
 the amount shall be determined by the Indiana state board of education,
 and costs may be established, when in dispute, by the state board of
 accounts.

(g) A transferee school shall allocate revenues described in
 subsection (b) STEP TWO to a transfer student by dividing:



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- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state distributions under IC 21-1-30, IC 21-3-10, or any other statute that computes the amount of a state distribution using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the pupil count used to compute the state distribution.

(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter.

(i) If the school corporation can meet the requirements of IC 21-1-30-5, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1, the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1.

SECTION 2. IC 20-8.1-6.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. ~~Definitions.~~ As used in this chapter:

(a) "Transferor corporation", "transferee corporation" and "transferred student" shall mean, respectively, the school corporation transferring students, the school corporation receiving students, and any student transferred pursuant to a court order described in section 1 of this chapter.

(b) "General fund", "capital projects fund", and "debt service fund" shall refer, respectively, to the school corporation funds set up under the provisions of IC 21-2-11, IC 21-2-15, and IC 21-2-4, respectively.

(c) "Class of school" shall refer to a classification of each school in

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the transferee corporation by the grades taught therein (generally denominated as elementary schools, middle schools or junior high schools, high schools, and special schools such as schools for special education, vocational training or career education). Elementary schools shall include schools containing kindergarten, but for all purposes under this chapter, a kindergarten student shall be counted as one-half (1/2) a student **unless the school corporation offers full day kindergarten. Each student enrolled in a full day kindergarten shall be counted as one (1) student.**

(d) "ADM" shall refer to ADM as defined in IC 21-3-1.6-1.1.

SECTION 3. IC 21-1-30-3, AS AMENDED BY P.L.3-2000, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]: Sec. 3. (a) The amount to be distributed to a school corporation under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil teacher ratio for the school corporation as follows:

(A) If the school corporation's at-risk index is less than seventeen hundredths (0.17), the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's at-risk index is at least seventeen hundredths (0.17) but less than twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen (15) plus the result of:

(i) determine the result of twenty-seven hundredths (0.27) minus the school corporation's at-risk index;

(ii) determine the item (i) result divided by one-tenth (0.1); and

(iii) determine the item (ii) result multiplied by three (3).

(C) If the school corporation's at-risk index is at least twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP TWO: Determine the result of:

(A) the ADM of the school corporation, as determined under section 2(2) of this chapter, in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's target pupil teacher ratio, as determined in STEP ONE.

STEP THREE: Determine the result of:

(A) the total regular general fund revenue (the amount determined in STEP ONE of IC 21-3-1.7-8) multiplied by seventy-five hundredths (0.75); divided by

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- 1 (B) the school corporation's total ADM.
 2 STEP FOUR: Determine the result of:
 3 (A) the STEP THREE result; multiplied by
 4 (B) the ADM of the school corporation, as determined under
 5 section 2(2) of this chapter in kindergarten through grade 3 for
 6 the current school year.
 7 STEP FIVE: Determine the result of:
 8 (A) the STEP FOUR result; divided by
 9 (B) the staff cost amount.
 10 STEP SIX: Determine the greater of zero (0) or the result of:
 11 (A) the STEP TWO amount; minus
 12 (B) the STEP FIVE amount.
 13 STEP SEVEN: Determine the result of:
 14 (A) the STEP SIX amount; multiplied by
 15 (B) the staff cost amount.
 16 STEP EIGHT: Determine the greater of the STEP SEVEN amount
 17 or the school corporation's guaranteed amount.
 18 STEP NINE: Determine the lesser of:
 19 (A) the STEP EIGHT amount; or
 20 (B) the amount the school corporation received under this
 21 chapter for the previous calendar year multiplied by one
 22 hundred thirteen percent (113%).
 23 For 2000 calculations, the amount the school corporation received
 24 under this chapter for the previous calendar year is the 1999
 25 calendar year allocation, before any penalty was assessed under
 26 this chapter. **For a school corporation that did not receive a**
 27 **distribution under this chapter for 1999, the STEP EIGHT**
 28 **amount is the school corporation's distribution amount.**
 29 (b) The amount received under this chapter shall be devoted to
 30 reducing class size in kindergarten through grade 3. A school
 31 corporation shall compile class size data for kindergarten through grade
 32 3 and report the data to the department of education for purposes of
 33 maintaining compliance with this chapter.
 34 SECTION 4. IC 21-3-1.6-1.1, AS AMENDED BY P.L.93-2000,
 35 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2002]: Sec. 1.1. As used in this chapter:
 37 (a) "School corporation" means any local public school corporation
 38 established under Indiana law.
 39 (b) "School year" means a year beginning July 1 and ending the next
 40 succeeding June 30.
 41 (c) "State distribution" due a school corporation means the amount
 42 of state funds to be distributed to a school corporation in any calendar

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year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education. Such day shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on the particular day thus fixed, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes, which occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the adjusted count to the budget committee before February 5 of the following year. In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil **unless the school corporation offers full day kindergarten. Each pupil enrolled in a full day kindergarten shall be counted as one (1) pupil.** Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter. "Current ADM" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school year ending in the calendar year. "ADM of the previous year" or "ADM of the prior year" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school corporation for the school year ending in the preceding calendar year.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter and as determined at the times for calculating ADM. "Current additional count" means the additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the additional count of the school corporation for the school year ending in the preceding calendar year.



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(f) "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the state board of tax commissioners to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss).

(g) "General fund" means a school corporation fund established under IC 21-2-11-2.

(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

- (1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;
- (2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");
- (3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;
- (4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

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(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the state board of tax commissioners and used by the state board of tax commissioners in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.

SECTION 5. IC 21-3-3.1-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2.1. (a) For each calendar year, the allowable transportation distribution for each school corporation shall be based on the following formula:

(1) The sum of two hundred seventy-five dollars (\$275) for 1988, and two hundred eighty dollars (\$280) for 1989 and thereafter, less the product of twenty dollars (\$20) multiplied by the linear density of the school corporation.

(2) This remainder is then multiplied by the number of the school corporation's eligible pupils.

(3) From this product is subtracted the product of thirteen and sixty-seven hundredths cents (\$0.1367) multiplied by each one hundred dollars (\$100) of the school corporation's assessed value for taxes first due and payable in the preceding year.

(b) Application of the formula in subsection (a) shall be governed and modified by the following provisions:

(1) In calendar year 1976, and subsequent years, no school corporation that receives funds under this chapter shall receive less money than the school corporation was entitled to receive in calendar year 1975 under IC 21-3-3 (repealed December 31, 1975).

(2) The linear density of the school corporation shall be determined by dividing the total number of eligible pupils by the round trip mileage of all vehicles used by or for the school

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corporation in transporting pupils.

(3) Eligible pupils are those counted in ADM, enrolled in grades K-12, and transported more than one (1) mile or a preschool child who is transported for purposes of attending a special education program under IC 20-1-6-14.1, regardless of the distance transported.

(4) The round trip mileage of a vehicle shall be the total miles traveled by the vehicle measured from the first point the vehicle picks up an eligible pupil to the last point at which an eligible pupil disembarks at school, multiplied by two (2).

(5) A kindergarten pupil, to the extent the pupil constitutes an eligible pupil, shall be counted as one-half (1/2) an eligible pupil **unless the school corporation offers full day kindergarten. Each pupil, to the extent the pupil constitutes an eligible pupil, enrolled in a full day kindergarten shall be counted as one (1) eligible pupil.** A preschool pupil attending a special education program under IC 20-1-6-14.1 is counted as one (1) eligible pupil.

(6) All the factors, applied in sections 1 and 3 of this chapter for determining the transportation distribution for any school corporation for any calendar year, shall be those existing in the school year ending in the preceding calendar year.

(7) If subsection (a)(3) requires the use of the assessed valuation for a year in which a general reassessment becomes effective, the state shall make an adjustment in the assessed value used to neutralize the effect of the general reassessment. The adjustment applies to all subsequent years before another general reassessment becomes effective.

SECTION 6. [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]
IC 21-1-30-3, as amended by this act, applies to primetime distributions for 2000 and thereafter.

SECTION 7. **An emergency is declared for this act.**

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